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SUBJECT: FRENCH GOVERNMENT FOCUSES INWARDLY ON ENVIRONMENT:
IMPLICATIONS FOR U.S.

REF: A. PARIS 3967

[B](#). 06 PARIS 7584

[1](#)1. (SBU) Summary: While the world debates global climate issues, France's environmental attention is inward-focused. Sarkozy and State Minister Borloo of the 'mega' Environment Ministry - together with a range of stakeholders - are shaping environmental policies which will largely determine France's planning, energy, and transportation future. The debate also includes whether France should grow GMO crops and, if so, under what conditions. This domestic process, called locally the 'Grenelle' process, has regenerated interest in the proposal for a carbon tax on imported goods from countries not adhering to a Kyoto Protocol-like cap-and-trade system. We are reviewing these proposals for content and to determine how best to protect U.S. interests. End Summary.

'Grenelle' and Sarkozy's promises...

[1](#)2. (U) Before this year's presidential elections, candidate Sarkozy pledged - were he elected - to place environment at the center of his government. This he has done by creating a 'mega' Ministry for the Environment with authority over energy, transportation, and planning, in addition to the traditional subject areas of environment and sustainable development. He headed this Ministry with a State Minister, ranking third in the government after the president and the prime minister. When Alain Juppe failed to capture a legislative seat, Sarkozy promoted popular politician Jean-Louis Borloo to the State Minister slot.

[1](#)3. (U) Undergirding this structure, Sarkozy also pledged to gather stakeholders across the public, private and nongovernmental sectors in a process akin to that which created a new social contract in the chaotic year of 1968. That latter process gathered labor unions and student organizations in Grenelle, on Paris' Left Bank, thus the epithet Grenelle for the environment for the current undertaking. The new, environmental Grenelle addresses the electorate's broad concern about the environment and the future, and is designed to provide the government explicit direction for its environmental policies in the coming five years, the period of the president's mandate.

Procedure key

[1](#)4. (U) Government bodies, regional authorities, labor unions, business organizations, NGOs are all now immersed in the Grenelle process. By the end of October, eight working groups must select 30 concrete measures to put France on

track to reach its legally mandated goal of a 75% reduction in greenhouse gas (GHG) emissions by 2050. Working group priorities include climate, biodiversity, transportation, environmental governance, health and the environment, agriculture, and promotion of sustainable development. While genetically modified organisms (GMOs) were to be treated horizontally as an element within each group, coordinating this controversial topic became too unwieldy and a separate working group was established to address the GMO issue. On September 27, each group released proposed measures. Parliament takes them up on October 3. Concurrently, debates take place throughout France and on the Internet regarding these proposals. A roundtable will decide which ones will be retained as government policy by end October.

What's at stake?

¶5. (SBU) While the Grenelle process has yet to reach its climax, some outcomes are taking shape. We are almost certain to see stricter guidelines, for instance, for air quality. Likewise, various proposals are to enhance building regulations to promote energy efficiency. Gasoline taxes may be raised to finance renewable investments. We've even seen proposals that would mandate use of new macroeconomic indicators to capture environmental externalities.

¶6. (SBU) Other issues we're working to better understand - and ones which might most closely affect U.S. interests - include:

- Nuclear energy: The government wants a clear mandate to proceed with nuclear energy and in particular a green light for construction of the European Pressurized Reactor (EPR) in

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Normandy. The EPR would possibly become the reactor model for a new fleet of French reactors. We believe the government is committed to this next generation of reactor to such an extent that Paris will consider other concessions to ensure there will be no objections to the prospect of an undimmed nuclear future.

- GMOs: Another central question relates to the Grenelle's response to GMO's. The media widely reported State Minister Borloo's intention to call for a moratorium on commercial biotech production. There have been proposals calling for the creation of a separate agency to oversee GMO testing. (See ref A.)

- Border Carbon Tax: The proposed import tax on goods manufactured in countries not party to a 'Kyoto Protocol-like' cap-and-trade system has also received heightened interest in the Grenelle. (See ref B for background on this proposal.) Where this topic will go remains to be seen.

¶7. (SBU) Comment: The Grenelle is Sarkozy's ambitious commitment to conduct during the five year presidential mandate the "necessary actions to resolve France's environmental problems within one generation and two generations for climate change." The Grenelle results are also expected to inform France's EU presidency, the second half of 2008. The Embassy is reviewing carefully the unfolding Grenelle with a view to interceding to protect U.S. interests. End Comment.

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Stapleton